United Nations A/54/534

General Assembly

Distr.: General
8 November 1999

Original: English

Fifty-fourth session
Agenda item 20 (b)
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Economic assistance to States affected by the implementation of the Security Council resolutions imposing sanctions on the Federal Republic of Yugoslavia

Report of the Secretary- General

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99-33524 (E) 161199

I. Introduction

1. In its resolution 52/169 H of 16 December 1997, the General Assembly expressed concern at the persistence of special economic problems confronting neighbouring and other States affected by the consequences of the severance of their economic relations with the Federal Republic of Yugoslavia during the period when the sanctions had been in force and during the period following the lifting of the sanctions, and welcomed the support already given by the international community to deal with the special economic problems of the affected States in view of the problems that the imposition of sanctions had posed.

2. In the same resolution, the General Assembly renewed its invitation to all States and the relevant international organizations, both within and outside the United Nations system, in particular the international financial institutions, to continue to take into account the special needs of the affected States in providing assistance to them during the transition period following the lifting of the sanctions. The Assembly encouraged the affected States of the region to continue the process of multilateral regional cooperation in such fields as cross-border infrastructure projects and the promotion of trade and investment, thus alleviating the adverse impact of the sanctions. The Assembly urged the relevant international organizations to take appropriate steps in order to broaden access for suppliers from the affected countries and to ensure their active participation in the process of post-conflict reconstruction and rehabilitation of the former Yugoslavia.

3. Also in resolution 52/169 H, the General Assembly requested the Secretary-General to report to the Assembly at its fifty-fourth session on the implementation of the resolution, in order to assess the situation and to present an analysis of the implementation of the resolution, with a view to concluding consideration of the question. The present report was prepared in response to that request.

II. Information regarding economic assistance to the affected States

4. Pursuant to General Assembly resolution 52/169 H, the Secretary-General, in a note verbale dated 11 May 1999, invited Governments to communicate information on action taken by them to alleviate the special economic problems of the affected States.[1] In addition, the relevant international organizations, both within and outside the United Nations system, including the international financial institutions and regional organizations concerned, were invited to provide updated information on their assistance activities on behalf of the affected countries.[2] Substantive features of the replies received are summarized below.

A. Communications received from States

5. As at 25 October 1999, two States, namely, Germany and Ukraine, had sent substantive replies to the note verbale of the Secretary-General, as follows.

6. **Germany** provides financial assistance to the countries affected by the sanctions against the Federal Republic of Yugoslavia to a considerable extent. This assistance supports the mitigation of economic difficulties as well as structural reforms in these countries. On the bilateral level, Germany has supported the following affected countries: Albania (DM 477.5 million (477.5 million deutsche mark) since 1987), Bosnia and Herzegovina (DM 171.4 million since 1993), Bulgaria (DM 104.2 million since 1991), Croatia (DM 50.7 million since 1992), Romania (DM 140 million since 1991) and the former Yugoslav Republic of Macedonia (DM 133.5 million since 1993). In addition, Germany participates in several multilateral assistance programmes for these countries, such as those in the framework of the European Union (EU), the World Bank and the European Bank for Reconstruction and Development (EBRD).

7. **Ukraine** is one of the States most seriously affected by the application of the Security Council resolutions imposing sanctions on the Federal Republic of Yugoslavia. The Ukrainian economy has suffered and continues to suffer considerable losses which have further worsened the socio-economic situation of the country. The consequences have been even more significant for a number of branches of industry that have traditionally close economic ties to the region. According to the estimates of Ukrainian experts, over the period of application of the sanctions regime in question, Ukraine incurred some $4.5 billion in direct losses alone. The social costs of these losses were even higher for the country which is still in transition from a planned to a market economy.

8. Currently, Ukraine is also among those countries for whom the long-term consequences of economic losses sustained during the sanctions regime period have been exacerbated by the complete disruption of the commercial traffic on the Danube due to the destruction of bridges across the river. Hence, the traditional transit of commercial cargo via the Danube to Germany, Austria, Hungary, Slovakia and further to the Czech Republic and Poland had to be reoriented to alternative transportation routes by sea or

railway. The once biggest shipping company of Ukraine, the Ukrainian Danube Shipping Company (UDASCO), which used to operate more than 1,000 vessels depending completely on trans-shipment via the Danube, has lost more than 85 per cent of its cargo turnover and is again sustaining huge losses now totalling $313,000 per day.

9. Ukraine continues to consider that the relevant General Assembly resolutions that address the problems of third States have not been properly implemented. Technical, financial or material assistance received by Ukraine so far, while being provided under general programmes of assistance, did not target the affected industries and sectors of the Ukrainian economy and is by far inadequate to cover, at least partially, the losses incurred by Ukraine as a result of the application of sanctions imposed on the Federal Republic of Yugoslavia. In this connection, Ukraine underlines the importance of a more active and practical participation of the international financial institutions in providing additional financial assistance to the affected economies, and reiterates its earlier proposals to that effect, as contained in its position paper on the problems of implementation of the economic sanctions imposed by the Security Council (see A/51/226, annex-S/1996/595, annex). Ukraine believes that, in order to address specifically and directly the special economic problems of third States, the International Monetary Fund (IMF) and the World Bank could consider establishing a special mechanism which would allow these institutions to mobilize new and additional financial resources, in order to provide, on exceptional and concessionary terms, emergency financial assistance that would go above and beyond the traditional interventions on account of macroeconomic imbalances or structural adjustment programmes. It is important that such financial assistance (for example, special credit lines for the affected third States) be supplemented by non-financial measures of trade promotion, including special trade preferences, adjustment of tariffs, allocation of quotas, special commodity purchase agreements, finding of new markets and so forth.

10. Also, there has been no substantial progress, at least as far as Ukraine is concerned, in adopting measures to provide the affected countries with greater opportunities to participate actively in the post-conflict reconstruction, rehabilitation and development in the former Yugoslavia. Ukraine considers that such participation constitutes an important part of measures aimed at economic recovery of the affected industries. Without placing increased burden on international financial institutions or donor countries, this would rather stimulate third States to accumulate additional resources and to direct them to the needs of the affected sectors of the economy. These measures might also include the provision of a special or preferential treatment to suppliers from the affected non-target States by allocating them appropriate quotas for legitimate humanitarian supplies, and material supplies for the United Nations peacekeeping operations, as well as reconstruction and development projects undertaken by the international community in the former Yugoslavia. In this context, Ukraine attaches particular importance to developing multilateral regional cooperation in the field of post-conflict rehabilitation and reconstruction which could include elaboration of special mechanisms of assistance to third States. Such mechanisms may well be elaborated within the existing frameworks of the Black Sea Economic Cooperation organization, and the Stability Pact for South-Eastern Europe, or under special regional projects that may be developed specifically for the purpose of assisting third States in overcoming long-term consequences of economic losses sustained during the sanctions regime period.

11. Ukraine continues to believe that the establishment of an effective mechanism for overcoming the adverse consequences of Security Council-imposed sanctions requires a strong political will on the part of the international community and its individual members. It is important that the United Nations serve as the focal point in coordinating the full range of activities undertaken in implementation of Article 50 of the Charter of the United Nations by the institutions both within and outside the United Nations system. It is also essential that the relevant United Nations bodies take the primary responsibility for carrying out non-financial measures of assistance to third States. Ukraine therefore considers that the issue of economic assistance to the affected States should remain in the agenda of the General Assembly. At the same time, Ukraine recalls its previous proposals, which were made in the course of discussions at the United Nations on sanctions-related issues, with regard to possible ways of partial compensation of losses sustained by the affected third countries. In particular, reference is made to the letter dated 8 June 1995 from the President of Ukraine addressed to the Secretary-General, proposing a number of practical measures for alleviating the negative impact on third States of sanctions imposed by the Council under Chapter VII of the Charter of the United Nations (see A/50/259, annex-S/1995/517, annex). It is Ukraine's strong view that those proposals remain fully valid to date.

B. Response of the United Nations system

12. As at 25 October 1999, a total of 12 organizations, programmes and agencies of the United Nations system had provided updated information on their assistance activities in the affected countries. The replies received indicate that all the relevant components of the United Nations system have continued to provide development support to the affected countries in the period following the lifting of the sanctions. Such activities have contributed to overall economic and social recovery in the recipient countries and have thus indirectly offset some of the special economic problems resulting from the sanctions. However, in most instances, the reported activities for 1997-1999 were not directly related to the effects of the sanctions and, therefore, are not fully reflected in the following section of this report.

13. The **International Labour Organization (ILO)** has provided assistance to the affected States through its advisory services and technical cooperation programmes carried out at the regional and country levels and based on international labour standards and on active partnership and local ownership policies. The ILO Multidisciplinary Advisory Team for Central and Eastern Europe (CEET) in Budapest started to operate in the beginning of 1993, and at present covers 16 countries of the region, including the Balkan and other affected States. It is recognized that there has been considerable strain and pressure on the labour market of those countries owing to the sanctions regime and economic recession in the conflict-stricken countries of the region. Hence, particular emphasis in CEET activities is placed on the development of labour legislation in conformity with international standards; the promotion of full, productive and freely chosen employment; the improvement of working and living conditions; and the development of sound labour relations and appropriate systems of social protection. All these activities have been intended to enable the affected countries to better cope with the adverse social effects of the sanctions and other factors affecting their labour markets.

14. In all the affected countries of the region, CEET means of action include conferences and workshops, training seminars, advisory missions and the publication of books, reports, discussion papers and newsletters. The Team has been active in such areas as: (a) assisting the capacity-building and professional competency of Governments and workers' and employers' organizations; (b) promoting social dialogue, tripartite consultation and negotiation mechanisms at the national level and sound labour-management relations at the industry-wide, enterprise and local levels; (c) monitoring labour-market developments and promoting active labour-market and employment policies; (d) furthering a tripartite approach to economic, industrial and social restructuring in regions and local communities; (e) assisting the reform of systems of social security and social protection; and (f) providing advice on wages and incomes policy. In particular, ILO considers social dialogue a means of action as well as an objective, since a stable social situation is an important prerequisite of social and economic development in the region. It would contribute to the integration of social and civil groups into the decision-making process, which is also one way of involving ethnic minorities in society. This last approach had been often neglected and, more recently, it was the root cause of social unrest and civil war in some countries of the region.

15. In the wake of the Kosovo crisis, ILO set up a Balkan Task Force (IBTF) which is responsible for developing and monitoring ILO activities in Albania, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia. The ILO's principal role in the Balkans, and more specifically in Kosovo, is to participate in the creation of opportunities for women and men in securing decent employment and income. For the time being, the main areas of IBTF activities are: (a) emergency employment creation through labour-intensive methods; (b) vocational training and promotion of small and medium-sized enterprises (SMEs); (c) labour-market assessment and rapid data collection; (d) social protection schemes, including social security, social assistance and social safety nets; and (e) institutional capacity-building, promotion of social dialogue, reconciliation and social healing and an appropriate labour law framework. To facilitate the implementation of these activities, two support units have been established in Priština and in Tirana. A number of specific projects have been developed, pending financing by the donor community.

16. The **Food and Agriculture Organization of the United Nations (FAO)** has been implementing, since July 1997, 28 technical assistance projects in the six most seriously affected countries of the region — Albania (10), Bulgaria (5), Hungary (1), Romania (6), Slovakia (4) and the former Yugoslav Republic of Macedonia (2) — in such subsectors as crop development, livestock, fisheries, forestry, food control and consumer protection, agricultural support systems, rural development, natural resources management and policy advice for agricultural strategy formulation. In the last-mentioned category, two projects have been implemented, one in Bulgaria and another in Slovakia. In total, such assistance amounts to $15.5 million, of which $6.3 million is funded from the FAO Technical Cooperation Programme, and $9.2 from bilateral and multilateral sources. In addition, 10 microprojects (5 in

Albania and 5 in the former Yugoslav Republic of Macedonia) are being implemented for the total amount of $100,000 funded from the FAO TeleFood Special Fund.

17. As regards other countries that also reported economic difficulties as a result of the sanctions regime, FAO has been implementing 15 technical assistance projects in the following three countries: the Czech Republic (1), the Republic of Moldova (4) and Turkey (10). Such assistance totals $4.6 million, of which $2.3 million is funded from the FAO Technical Cooperation Programme, and another $2.3 million from multilateral sources. In addition, 10 microprojects (6 in the Republic of Moldova and 4 in Turkey) amounting to $94,000 are funded from the FAO TeleFood Special Fund. Moreover, the FAO Investment Centre has assisted in the identification and/or preparation of investment projects in Albania, the Republic of Moldova, Romania, Turkey and Uganda.

18. The FAO Global Information and Early Warning System has continuously monitored and regularly reported on the food supply/utilization situation and outlook in the affected countries. Specific activities since 1997 include food needs/supply assessment missions dispatched to Albania, Bulgaria and the former Yugoslav Republic of Macedonia. As a result, special food alerts have been issued for Albania and the former Yugoslav Republic of Macedonia.

19. The **World Bank** has been carrying out wide-ranging assistance activities in the countries of central and eastern Europe affected by the sanctions against the Federal Republic of Yugoslavia and, more generally, by the Balkan conflict. Those activities encompass such areas as private sector development, improvement of infrastructure links with neighbouring countries, alleviation of balance-of-payments problems, and support to social safety nets, including health, education and employment policies.

20. In Albania, a member of the International Development Association (IDA) since October 1991, the Bank has supported a total of 35 IDA credits amounting to $481.75 million. The current portfolio contains 23 projects totalling $336.35 million. These credits support the country's adjustment efforts with an emphasis on institutional reform, infrastructure, the social sector, agriculture and technical assistance. In response to the recent crisis in Kosovo, the Bank approved a new quick-disbursing public expenditure support credit of $30 million. An existing structural adjustment credit was also increased from $20 million to $45 million. In addition, a credit of $5 million for a community works project was approved, together with a second post-conflict grant of $1 million. Moreover, the Bank has prepared two projects on emergency infrastructure support to improve water facilities and on judicial and public administration support to strengthen governance and institutional capacity.

21. In Bosnia and Herzegovina, the Bank's assistance strategy continued to focus on restarting economic activity, facilitating institution-building, transitional policy reforms and reconstruction of physical assets. Beyond the series of seven emergency operations that were financed from a special $150 million trust fund in 1996, 23 additional IDA operations totalling $547.6 million have been approved since the beginning of normal Bank lending in June 1996. In 1997, IDA assistance amounted to $207.6 million, and focused on such areas as support for the Government's macroeconomic and institutional reforms; electric power reconstruction; establishment of a guarantee facility for industry; employment generation through public works; retraining and loans to micro-businesses; housing, hospital and school repairs; and landmine clearance. In an effort to both deepen the sustainability of reconstruction and strengthen public finance reform, another eight IDA credits totalling $177 million were approved in 1998. Operations approved in 1999 reflect the planned shift in emphasis from emergency reconstruction to ensuring the sustainability of economic institutions and sound macroeconomic management, as well as the medium- to longer-term viability of policies aimed at stimulating private investment, banking reform and privatization. These are six IDA credits for $163 million, including the second structural adjustment credit to promote the establishment of public finance structures and the implementation of reform policies at the State and entity levels. In response to the Kosovo crisis, this credit was increased to $28 million to provide the country with additional balance-of-payments support. Looking ahead, a second privatization adjustment credit and a social protection adjustment credit are under preparation. In addition, three operations are being planned that would extend Bank support for the electric power, education and infrastructure sectors.

22. In Bulgaria, Bank assistance has focused on balance-of-payments support for the economic restructuring effort and mitigation of any attendant social impact. Three loans were approved, including a $80 million social protection adjustment loan, a $75 million agricultural sector adjustment loan and a $5 million regional initiative fund. Three additional loans are currently under preparation, including a second financial and enterprises sector adjustment loan, an environmental loan and a privatization support loan. Specifically, these loans will target liquidation and privatization of State-owned enterprises, financial

management, banking sector reforms, energy sector restructuring and the creation of a framework for incorporating environment concerns into the privatization of highly polluting industries.

23. In Hungary, the Bank provided support for the Government's stabilization programme and ongoing efforts aimed at consolidation through two loans: a $225 million enterprise and financial sector adjustment loan and a $150 million public sector adjustment loan. In addition, the Bank recently approved a $150 million loan for higher education reform and a $36 million loan for a youth training project. Future Bank support is likely to focus on health sector reform and subnational development.

24. In Romania, Bank lending has focused on facilitating private sector development, reducing poverty and improving infrastructure. As for private sector development, the Bank approved a $300 million private sector adjustment loan and a $25 million private sector institution-building loan. Specifically, these loans target privatization, banking sector reform and creation of a more attractive business environment. These also include a social mitigation component to address the needs of workers displaced by privatization. The Bank is also active in supporting poverty reduction through a social development fund loan for $10 million, and a child welfare loan for $5 million. Infrastructure lending has targeted the energy, transport, urban water supply and telecommunications sectors.

25. In the former Yugoslav Republic of Macedonia, the Bank has committed some $500 million for 17 projects. Support has been provided to the Government in several areas, including productive sector development, stabilization and structural reforms, social safety nets, and education and health. Currently, the Bank is undertaking a number of special activities to alleviate the negative impact of the Kosovo crisis on the country's economy. A $1 million post-conflict fund grant has been approved to support institutions providing assistance to refugees, including trauma counselling and educational activities for children. In addition, an IDA emergency recovery credit for $50 million was approved to provide immediate assistance for the financing of critical imports, and an IDA social support project for $10 million was approved to help mitigate the negative impact on State-owned enterprises of bankruptcy and labour restructuring.

26. **IMF** reported that all eight countries invoking Article 50 of the Charter of the United Nations in connection with the sanctions against the Federal Republic of Yugoslavia — Albania, Bulgaria, Hungary, Romania, Slovakia, the former Yugoslav Republic of Macedonia, Uganda and Ukraine — have been eligible to make use of Fund resources in support of programmes aimed at addressing their balance-of-payments difficulties. From July 1997 to June 1999, the Fund approved additional financial assistance to some of these countries equivalent to $4,131 million, of which $1,398 million has been disbursed. These disbursements include drawings by Albania under the Emergency Assistance policy ($11.8 million) and the Enhanced Structural Adjustment Facility (ESAF) ($28.5 million), by Bulgaria under the Extended Fund Facility (EFF) ($279.5 million), by Romania under the Stand-By Arrangements ($161.1 million), by the former Yugoslav Republic of Macedonia and Uganda both under ESAF ($36.4 million and $76 million, respectively) and by Ukraine under the Stand-By Arrangements ($242.2 million) and the Extended Arrangements ($771.4 million). Hence, the total disbursements to the eight most seriously affected countries during the whole period from July 1992 to June 1999 amounted to $6,778 million. In addition, the Fund provided financial assistance to other countries in the region that had also reported economic difficulties as a result of the sanctions regime. From July 1992 to June 1999, the total commitments of Fund resources to the Czech Republic, the Republic of Moldova and Turkey amounted to $1,414 million, of which $939 million was disbursed. In total, Fund commitments to the 11 affected countries in the region from July 1992 to June 1999 were equivalent to $13,571 million, of which the sum of $7,733 million was disbursed.

27. In general, the Fund's financial assistance to the affected countries has continued to take into account, *inter alia*, the strength of their economic policies and their balance-of-payments needs, including estimates of the adverse effects of the sanctions. As with all its members, IMF also continues to support the affected countries through policy advice and technical assistance, as appropriate, to help them overcome their economic difficulties. Moreover, the Fund has been engaged in the process of post-conflict reconstruction and rehabilitation in the former Yugoslavia, most notably through active participation in the reconstruction efforts in Bosnia and Herzegovina and in addressing the consequences of the Kosovo crisis. As for the latter, the Fund has prepared regional macroeconomic assessments and projections of external financing needs in the wake of the crisis. For its part, IMF has provided additional financial support under its various facilities to the countries of the region most seriously affected by the Kosovo crisis, notably Albania, Bosnia and Herzegovina, Romania and the former Yugoslav Republic of Macedonia.

28. The **United Nations Conference on Trade and Development (UNCTAD)** continued to provide technical

assistance to several affected countries in the areas of trade facilitation and investment promotion. UNCTAD's Automated System for Customs Data (ASYCUDA) has been installed in Hungary, Romania, Slovakia and the former Yugoslav Republic of Macedonia. Similar customs automation projects are currently being prepared for Albania, Bosnia and Herzegovina and Bulgaria, including, as required, feasibility studies, field missions and funding approval. Within UNCTAD's Global Trade Point Network, national trade points have been established in Bulgaria, Hungary, Romania, Slovakia and Uganda, with a view to enhancing their participation in international trade. UNCTAD's software package, the Debt Management and Financial Analysis System, has been operational in Romania, Uganda and Ukraine. Similar projects were initiated in Albania and the former Yugoslav Republic of Macedonia. In the area of investment promotion, salient examples include advisory missions to Albania and investment policy review and training activities in Uganda.

29. The **United Nations Development Programme (UNDP)** has taken into account the special needs of the affected States both in the development strategies outlined in the respective Country Cooperation Frameworks and in specific projects carried out in the region. In 1997-1999, UNDP has continued to allocate substantial resources in support of international efforts to promote recovery and stability in the Balkans. To this end, UNDP adopted a participatory approach to work mainly at the municipal level together with the local authorities and all conflict-affected parties through the creation of multi-ethnic development councils. The rationale behind this approach is twofold: (a) to strengthen local technical capacities for rehabilitation and recovery; and (b) to ensure that all affected populations from all ethnic groups benefit from such community-based activities. In turn, directing international assistance to support decentralized and locally owned activities on behalf of all affected parties can help in regenerating war-torn communities and in promoting national reconciliation by inducing beneficiaries from different ethnic groups to work together towards a common future.

30. In Albania, UNDP has been engaged in a range of programmes designed to promote recovery and stability through such activities as capacity-building of institutions providing social services, rehabilitation of infrastructure and other income-generation support for vulnerable populations and participation in humanitarian assistance efforts on behalf of refugees, as well as civilian disarmament by providing development support in exchange for the voluntary surrender of weapons. An Area Rehabilitation and Recovery Operation (ARRO) supports local authorities, communities and civil society in developing quick impact projects in such areas as: (a) registration of refugee vehicles and of non-governmental organizations; (b) development of sanitation, water supply and garbage collection systems for communities with large refugee concentrations; (c) labour-intensive works to enhance social and economic infrastructure; (d) vocational training; and (e) socio-economic survey of refugee population. In addition, UNDP provided direct assistance to refugees through a small grant programme for non-governmental organizations funded by Italy, including purchase of non-food items for dormitories, provision of health and psychological services, monitoring of alleged abuses and rehabilitation of social infrastructure.

31. In Bosnia and Herzegovina, UNDP is involved in several programmes designed to promote peace and reconciliation in various war-stricken parts of the country. Through a group of integrated, multisectoral and area-based development projects, UNDP has been supporting the reconstruction process, focusing on rebuilding local capacities, rehabilitating social infrastructure and regenerating conditions for productive activities. Notable examples include two projects in the north-western and central areas: Rehabilitation and Sustainable Social Development (PROGRESS), which targets 12 north-western municipalities, and Social Reconstruction Assistance to Gornji Vakuf. In partnership with the European Commission, and the Japanese and German Governments, UNDP also supports three interlinked programmes for refugee resettlement and village employment and environment, which have directly benefited thousands of refugees by providing them with housing, labour-intensive employment, income-generation opportunities, legal advice, training and other support through local means. The other two pillars of the UNDP programme relate to (a) sectoral assistance projects in the areas of health care, education, agriculture, vocational training, criminal justice and business centre development and (b) policy advice to government institutions on economic transition, aid coordination, gender issues and demining.

32. In Croatia, UNDP has targeted most of its resources to a multi-donor programme designed to create favourable conditions for the return of displaced persons to the war-torn areas of Šibenik county, Eastern Slavonia, Western Slavonia, Dalmatia and Knin/Lika. Based on the participatory development approach, the programme is intended to strengthen local capacities and community works in such areas as income generation, support to the most vulnerable segments of the population and rehabilitation of social infrastructure (for example, feeder roads, schools, water supply systems). To ensure coherence, UNDP provides the

overall management and technical support to the programme, while the donors (Belgium, Sweden and EU) generally fund preferred activities in specific areas.

33. In the former Yugoslav Republic of Macedonia, UNDP concentrates its efforts on mitigating the economic and social hardships caused by the influx of refugees as a result of the Kosovo crisis. A recently started pilot phase of an employment and environment programme is intended to support local families hosting refugees in Tetovo and Skopje municipalities. Pending emergency resources, the programme will be expanded to at least four additional municipalities. As part of a strategy to work at the municipal level, UNDP is also establishing a Municipal Development Fund which will be used as a resource mobilization tool to raise supplementary donor funding so as to enhance the capacity of overburdened municipalities to provide key social, health and other services to all ethnic groups of the population. Other current projects are targeted to support 100 unemployed medical doctors and strengthen local non-governmental organizations working with refugees in host communities.

34. In order to ensure a cohesive approach to the Balkans, UNDP appointed a Special Representative for Post-Conflict Reconstruction in South-East Europe who oversees specific regional activities undertaken by six UNDP country offices in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and the former Yugoslav Republic of Macedonia. A recently published UNDP report, *Human Security in South-East Europe*,[3] was prepared to contribute to various policy dialogues on post-conflict reconstruction and development of the region. To this end, the report posits the concept of human security which should be centred not on States but on people, which should be focused not on confrontation but on human development and which should be built not around territories but around daily life. From the standpoint of human security, reconciliation and social cohesion are major preconditions for post-conflict rehabilitation and recovery. In addition, UNDP has fielded a mission to assess the feasibility of, and host government interest in, the creation of an early warning mechanism that would monitor, at the subregional level, key economic, social, political, ethnic and religious variables, carry out systematic trend analysis to track changes and potential tensions and provide, in a timely fashion, much-needed signals of forthcoming crises or emergencies.

35. The **United Nations Population Fund (UNFPA)** has provided financial support for relief, rehabilitation and development efforts in the area of reproductive health to several affected countries in the Balkan region. A country programme for Albania was approved in March 1997 for a total amount of $4 million, including $2.8 million in regular UNFPA resources. In response to the 1997 civil unrest in Albania, UNFPA approved two additional projects for the purchase of emergency equipment and supplies for primary health care facilities. In Bosnia and Herzegovina, UNFPA's activities have totalled almost $825,000 since 1995. An additional $700,000 has been allocated for 1999 to fund a project in support of reproductive health, including family planning, as part of the Government's rehabilitation and national capacity-building efforts. In May 1999, UNFPA approved its first project for the former Yugoslav Republic of Macedonia, including an initial amount of $5,000 earmarked for technical needs assessment.

36. On the outbreak of the Kosovo crisis, UNFPA's major contribution to meeting the needs of refugee women was to supply emergency reproductive health kits and other equipment to refugee camps in Albania and the former Yugoslav Republic of Macedonia and to maternity hospitals throughout Albania. A budget of $120,000 was set aside for that purpose, and UNFPA procured a total of 350,000 packets of sanitary towels and 14,000 pairs of underwear for distribution during the crisis. All of these supplies were purchased locally, totalling more than $30,000 in Albania and almost $20,000 in the former Yugoslav Republic of Macedonia. In addition, other supplies, mostly office and communication equipment, in the amount of about $6,500, were purchased in Albania, and two ultrasound machines were donated by a private company to the Albanian Ministry of Health. In the aftermath of the crisis, UNFPA has opened an office in Priština and is now formulating projects in the areas of reproductive health, violence against women, and demographic and social data collection and analysis.

37. The **Economic Commission for Europe (ECE)** has pursued and strengthened its support to a number of cooperation projects launched within the framework of regional and subregional institutions such as the South-East European Cooperation Initiative (SECI), the Central European Initiative (CEI) and the Black Sea Economic Cooperation (BSEC), which cover the areas of trade and transport, energy, enterprise development, environment and human settlements. SECI projects backstopped by ECE currently include: (a) a border crossing facilitation project which has completed its first two phases, resulting in a multi-country loan application to the World Bank for improvement to selected border crossing points in the region and a "Memorandum of Understanding on the Facilitation of International Road Transport of Goods in the SECI Region" signed by Ministers of Transport in Athens, Greece, in April 1999; (b) a series of projects identified by a group, hosted by Bulgaria, on transport infrastructure development

along main international routes, within road and rail networks of each participating country, as well as the border crossing points; (c) a project on the interconnection of electric power systems of SECI countries for better integration into the European system, which has completed its initial phase with the identification of five sub-projects and the adoption of terms of reference for feasibility studies; (d) a project on energy efficiency demonstration zones, for which a pre-feasibility study was prepared in Constantsa, Romania; (e) a project on the interconnection of natural gas networks, diversification of gas supply and improvement of supply security in south-east Europe, which completed the first phase in May 1998 and resulted in a report focusing on the gas market in Bosnia and Herzegovina; and (f) a project on financial policies to strengthen small and medium-sized enterprises through microcredit and credit guarantee schemes. In addition, ECE provides direct assistance in response to individual requests of countries in the region.

38. In *Economic Survey of Europe, 1999, No. 2*,[4] ECE presented a detailed analysis of the economic problems facing the countries of south-east Europe in the wake of the Kosovo conflict. Apart from emphasizing the direct impact of the military operations on the Federal Republic of Yugoslavia and the considerable burden of caring for the refugees in Albania and the former Yugoslav Republic of Macedonia, the *Survey* stressed that the economic consequences have been severe also for Bulgaria, Bosnia and Herzegovina, Croatia and Romania. Broad regional impacts include disruptions in trade and transport, tourism, lost export earnings and environmental damage. Taking into account a range of internal and external difficulties of the transition process in south-east Europe, including the adverse effects of economic sanctions against the Federal Republic of Yugoslavia, ECE prepared proposals for long-term action on behalf of the affected countries of the region, which were debated at the Commission's fifty-fourth session in May 1999. It was recognized that ECE has expertise in a number of areas of relevance to the post-conflict reconstruction and development of south-east Europe and that such expertise should be drawn upon wherever possible to assist in the coordinated economic revitalization of the region. As a consequence, a series of specific project proposals have been elaborated and coordinated with both the recipient countries and many development actors in the region.

C. Regional initiatives and assistance arrangements

39. Since 1994, a series of special regional initiatives and assistance arrangements have been launched to address specific concerns of the affected countries in the areas of transport and infrastructure development as well as trade and investment promotion. Following the lifting of the sanctions, the focus has shifted towards integrating the emergency assistance projects into a longer-term regional perspective of economic reconstruction and recovery. Most recently, the process initiated by EU to ensure a comprehensive and coherent approach to subregional cooperation and development was reflected in the Stability Pact for South-Eastern Europe, adopted on 10 June 1999 at Cologne, Germany. Updated information on regional activities in the areas of particular concern to the neighbouring and other affected countries is provided below.

40. **EU** has continued to support, mainly through the Poland and Hungary Action for Restructuring of the Economy (PHARE) and OBNOVA[5] budgets, the activities related to border-crossing infrastructure and customs facilitation in the Balkans. Budget allocation for border-crossing infrastructure projects in the region, which was initially 94.8 million European currency units (ECUs) in 1994, knew a slight decline thereafter, but has been expanded in 1999. The previous infrastructure investments have had positive results, particularly in terms of reduced waiting time at the most important border crossings. In 1996, EU adopted a regional approach in order to facilitate the development of good-neighbourly relations between the countries of the region. Infrastructure projects financed since that time were, to a large extent, a continuation of projects initiated in previous years for road rehabilitation and upgrading, border crossing modernization and supply of border customs control and communication equipment in the Balkans. In 1995-1997, the PHARE Transit Facilitation and Customs Modernization Programme totalled ECU 66.5 million, of which ECU 19.5 million was used for border crossing infrastructure modernization in Albania, Bosnia and Herzegovina, Bulgaria, Hungary, Romania and the former Yugoslav Republic of Macedonia. In addition, customs equipment worth ECU 2 million was delivered to several countries involved in support of the two Balkan customs corridors. That equipment has been fully operational following a supplementary PHARE-financed Eurocustoms' training project on "Measures to Improve Efficiency at Border Posts". In cooperation with the United Nations International Drug Control Programme (UNDCP), EU launched in 1998 a joint PHARE/UNDCP project to combat

the illicit drug trafficking on the so-called Balkan route. The project has a total value of about Euro 7 million[6] and covers currently Bulgaria, Romania and the former Yugoslav Republic of Macedonia, with the intention of its being extended to Albania, Bosnia and Herzegovina, and Hungary. Since 1996, the Technical Assistance for the Commonwealth of Independent States (TACIS) programme has also been in a position to finance border crossing development, for which ECU 30 million was available in 1996, 1997 and 1998 and Euro 20 million was allocated in 1999.

41. During 1996-1999, substantial levels of EU assistance under the PHARE and OBNOVA programmes have been provided to Bosnia and Herzegovina. Totalling more than Euro 623 million, assistance to date has focused on refugee return, rehabilitation of infrastructure, and support to the agriculture, health, education and environment sectors, as well as institution-building, rule of law and democratization. Additional funds were made available via the European Community's Humanitarian Office (ECHO), totalling Euro 1.6 billion for the period 1994-1998. Within evolving priorities in 1997-1998, the focus of EU assistance moved from addressing emergency needs towards a more systematic approach to rebuilding key sectors essential to the overall revival of the economy. During that period of reconstruction, EU support to major projects in transport, water, waste management, housing, energy and agriculture was accompanied by significant funding of institutions in support of peace implementation. Activities concentrated on the return and reintegration of refugees and displaced persons as well as sustainable reconstruction through targeted projects supporting economic development and institution-building. For 1999, EU earmarked Euro 146 million from the PHARE and OBNOVA budgets in order to continue to focus on refugee return (Euro 69 million) together with activities that will foster economic development (Euro 37 million) and democratic institutions (Euro 17 million). The programme orientations for 1999 reflect a further shift from reconstruction to sustainable economic recovery, assistance in the transition to a functioning market economy and development of a viable social environment within the country.

42. Following the cessation of hostilities in Kosovo, EU's immediate response was to provide a total of Euro 392 million in humanitarian assistance to the province of Kosovo and the affected neighbouring countries. In addition, a Kosovo reconstruction programme of Euro 45 million was committed under the OBNOVA budget to finance such actions as physical damage assessment, rehabilitation of housing and public buildings, support to public utilities, demining, support to customs and a village employment and rehabilitation scheme. A second tranche of funding will follow by the end of 1999, amounting to Euro 92 million. Moreover, macro-financial assistance totalling Euro 100 million has been provided to the crisis-affected countries and territories neighbouring Kosovo, namely, Albania (Euro 62 million), the former Yugoslav Republic of Macedonia (Euro 25 million) and Montenegro (Euro 13 million). In addition, Montenegro has benefited from EU assistance valued at Euro 18 million, including $3 million in social welfare support plus Euro 5 million for agriculture, transport, education and public administration, and Euro 10 million in 1999 for damage reconstruction and food supplies.

III. Participation by the affected States in the process of post-conflict reconstruction and rehabilitation of the former Yugoslavia

43. The General Assembly, in its resolution 52/169 H, urged the relevant international organizations to take appropriate steps in order to broaden access for suppliers from the affected countries and to ensure their active participation in the process of post-conflict reconstruction and rehabilitation of the former Yugoslavia. Updated information received from the relevant components of the United Nations system, as well as from the Department of Peacekeeping Operations and the Office for the Coordination of Humanitarian Affairs of the United Nations Secretariat, is outlined below.

A. Involvement in rendering humanitarian assistance

44. The 1999 United Nations Consolidated Inter-Agency Appeal for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia, the former Yugoslav Republic of Macedonia and Albania was launched in December 1998 and provided a humanitarian assistance programme valued at $359.4 million. Following the resumption of conflict in the Balkans in March 1999, a revision of agency programme requirements for the humanitarian operation in the region became necessary to meet urgent humanitarian needs related to the Kosovo crisis, as well as a review of post-Dayton programme implementation. The Revised Appeal for the Southeastern Europe Humanitarian Operation, which was released in July 1999, sought a total of $939 million for the entire year, of which $434 million was the total unfunded resource requirements at the time, including $290 million

for the Kosovo-related programmes not only in the province of Kosovo and the Federal Republic of Yugoslavia as a whole, but also in neighbouring countries that hosted refugees and otherwise felt the impact of the crisis. As at 30 September 1999, 76.6 per cent of the funding requirements had been met, leaving a shortfall of approximately $217 million. It remains critical that strong donor support be maintained to enable the humanitarian agencies involved to ensure the delivery of the humanitarian operation, including, as appropriate, through broadening access for local suppliers, particularly from the neighbouring and other affected countries of the region.

45. The **Office of the United Nations High Commissioner for Refugees (UNHCR)** continued to promote both local and regional procurement of supplies and services for its programmes in the former Yugoslavia. All potential and qualified suppliers in the countries of the region were invited to submit quotations, in compliance with competitive bidding procedures, for the procurement of supplies and relief items necessary for UNHCR operations in the region. In 1998, contracts were awarded to suppliers from the following countries: Austria ($80,959), Bosnia and Herzegovina ($1,894,580), Croatia ($1,766,251), Hungary ($74,822), Slovakia ($391,875), Slovenia ($181,130), the former Yugoslav Republic of Macedonia ($422,986) and the Federal Republic of Yugoslavia ($2,188,910). Under those contracts, the main items purchased by UNHCR were stoves, blankets, beds, heating and diesel fuel, coal, hygiene supplies, office furniture and equipment, printing services, rental of warehouses and transport services.

46. The **United Nations Children's Fund (UNICEF)** continued its extensive supply procurement activities in the neighbouring and other affected countries. Such activities included both procurement of supplies for use in the Fund's emergency and regular programmes in the successor countries of the former Yugoslavia and in the Balkan region as a whole, and procurement for other global operations of UNICEF on behalf of children. The amounts procured during the period from July 1997 to September 1999 from the following affected countries were: Albania ($438,977), Austria ($3,828,143), Bulgaria ($427,743), the Czech Republic ($653,876), Germany ($45,261,787), Hungary ($125,050), the Republic of Moldova ($94,388), Romania ($72,750), Slovakia ($68,055), the former Yugoslav Republic of Macedonia ($272,611), Turkey ($12,347,474), Uganda ($1,191,619) and the Federal Republic of Yugoslavia ($189,003). Apart from its procurement activities, UNICEF programme assistance to the countries of the former Yugoslavia and in the entire Balkan region has been intended to support and strengthen their social sector, in order to mitigate the impact of economic transition, as well as of external shocks such as the war and sanctions related to the former Yugoslavia, on children and women.

47. The **World Food Programme (WFP)** provided, in 1997-1998, food assistance to Albania (7,000 tons worth $3.53 million), the constituents of the former Yugoslavia (219,000 tons for $82.58 million) and Uganda (142,000 tons for $61.71 million). Such assistance was targeted to the most vulnerable members of society, including refugees and internally displaced persons. Several affected countries also benefited from WFP's procurement activities in 1998, including purchases of some 170,000 tons of food commodities in Bulgaria and 50,000 tons in Uganda, as well as non-food item purchases at $1.6 million in Germany and $300,000 in Austria. In response to the Kosovo crisis, WFP launched in early 1999 a major relief operation in Albania and the former Yugoslav Republic of Macedonia. During the first half of 1999, WFP extended support to 950,000 refugees from Kosovo at a cost of over $100 million, while continuing to provide for the residual caseload of refugees as a result of the earlier conflict in Bosnia and Herzegovina. For the second half of 1999, WFP operations in the Balkans will cost $105 million to provide food aid to more than 1.7 million refugees and returnees. In this context, the Balkan economies may also benefit from regional purchases, award of service contracts and employment of local staff. In July 1999, WFP procured 6,300 tons of wheat flour from Romania. Overland transport has been contracted, *inter alia*, from Albania, Bulgaria, Greece, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia. By the end of 1999, WFP plans to spend $30 million more for transport and warehousing of commodities and 1.7 million for national staff in the Balkan region.

B. Supply for the United Nations peacekeeping missions

48. Over the reporting period, United Nations peacekeeping missions in the former Yugoslavia continued to play a crucial role in the international community's efforts to foster peace in the region. The United Nations Mission in Bosnia and Herzegovina (UNMIBH) carried out civilian functions mandated by the Security Council, in particular the monitoring and restructuring of the local police forces. The United Nations Mission of Observers in Prevlaka (UNMOP) continued to monitor the demilitarization of the peninsula. The United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) successfully completed its mandate in January 1998 and was

succeeded by the United Nations Civilian Police Support Group (UNPSG) which ended its work in October 1998. The United Nations Preventive Deployment Force (UNPREDEP) in the former Yugoslav Republic of Macedonia implemented all its functions in a cost-effective and coordinated manner until the end of its mandate in February 1999. Starting June 1999, the United Nations Interim Administration Mission in Kosovo (UNMIK) has taken on a wide range of civilian tasks in the province in accordance with the mandate adopted by the Council.

49. In the context described above, the United Nations peacekeeping missions in the former Yugoslavia have continued to issue tenders for their requirements to prospective vendors in all European countries, including those affected by the sanctions. During the period from January 1997 to December 1998, such local procurement was made, *inter alia*, from Austria ($828,112), Bosnia and Herzegovina ($8,124,616), Croatia ($2,303,563), the Czech Republic ($12,000), Germany ($1,883,353), Greece ($201,061), Hungary ($34,000), Italy ($15,576,565), Slovakia ($135,000), Slovenia ($592,688), the former Yugoslav Republic of Macedonia ($7,932,800) and Turkey ($410,638). Apart from benefits for the local economies, procurements in the mission areas, wherever possible, may offer potentially shorter delivery times and reduced freight costs, provided the required goods and services are available locally and their costs are competitive.

50. Two other sources of access for suppliers from the affected countries to the United Nations peacekeeping operations in the former Yugoslavia are commercial procurement at United Nations Headquarters and government procurement through letters of assist. From January 1997 to December 1998, commercial Headquarters procurement was made, *inter alia*, from Bulgaria ($480,400), Germany ($2,365,235), Italy ($1,098,038), Romania ($3,686,100) and Ukraine ($6,909,043). Under letters of assist issued to Governments during the same period, requisitions were distributed, *inter alia*, to Germany ($150,430), Italy ($2,363,760), Romania ($1,140,614), Slovakia ($211,160), Turkey ($15,468) and Ukraine ($326,800). Further possible supplies from the affected countries to the United Nations peacekeeping missions in the region can be foreseen.

C. Contribution to reconstruction and development efforts

51. Following the signing of the Dayton/Paris Peace Agreement in November/December 1995,[7] the international community endorsed a $5.1 billion Priority Reconstruction and Recovery Programme for Bosnia and Herzegovina (1996-1999). During 1996-1998, donor countries and organizations firmly committed $4.2 billion in concessional assistance to support the country's reconstruction and recovery, of which about $2.8 billion has been disbursed in the past three years. The European Commission and the World Bank co-hosted a fifth donor conference for Bosnia and Herzegovina which took place in Brussels on 20 and 21 May 1999. Donors pledged a total of $1.05 billion/Euro 992 million in support of the country's 1999 programme of economic reform and reconstruction ($917 million), and for peace implementation activities ($135 million). Intentions were also announced regarding fiscal support towards the 1999 budget gap ($90 million) as a result of financial, social and trade-related impacts of the Kosovo crisis. With the commitment of these pledges, the external financing needs of the medium-term programme would have been met.

52. All countries of the region, including the successor republics of the former Yugoslavia and other affected countries, participated in the five donor conferences and pledged to mobilize funds or in-kind assistance for the reconstruction and recovery efforts. Most of such pledges were fully committed and implemented, while in several cases the commitments exceeded the originally pledged amounts. For instance, at the fifth donor conference for Bosnia and Herzegovina, new assistance funds were pledged, *inter alia*, by Austria ($7.7 million), Croatia ($7.4 million), Germany ($25.3 million), Italy ($14.8 million) and Slovenia ($7.8 million). The nature of the contributions has been broadly consistent with the requirements of the programme. On the ground, international agencies have been instrumental in helping establish regional and local capacity to participate in the reconstruction effort (for example, in funding recurrent and local costs by employing local companies and staff to the extent possible). However, consolidated data on procurement of products and services from neighbouring and other affected countries are not available. Nevertheless, it is noteworthy that UNDP, in cooperation with the International Trade Centre, organized last summer in Bucharest, Romania, a training workshop for entrepreneurs from countries of South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Slovakia, Romania and the former Yugoslav Republic of Macedonia) on principles and practices of international competitive bidding, with a view to enhancing local business participation in the reconstruction process in the region.

53. In the aftermath of the Kosovo crisis, the European Commission and the World Bank assumed the lead role in coordinating donor support, and organized a first donor

conference in Brussels on 28 July 1999 for the mobilization of funds for the reconstruction and development of Kosovo. Urgent financial requirements were estimated at: (a) $45 million to cover the budgetary deficit of Kosovo presented by UNMIK; (b) $200 million to cover immediate basic needs identified by agencies of the United Nations system; and (c) Euro 300 million for immediate needs in reconstruction, based on the first damage assessment carried out by the European Commission. Pledges made at the conference added up to a total of $2.082 billion, including funding already disbursed during 1999. A second pledging conference for Kosovo will be held in November 1999, and will have before it a more comprehensive and longer-term programme for reconstruction and recovery of the province to be supported by donors.

IV. Conclusions

54. Following the termination of economic sanctions imposed by the Security Council on the Federal Republic of Yugoslavia, the way was clear for the gradual resumption of traditional economic relations and especially of transport links in the Balkan region; thus, the burden was considerably eased on the neighbouring and other States affected by the side effects of the sanctions regime. With the support of the international community, the affected countries of the region have embarked on a difficult transition to economic and social recovery and development, including special efforts to fully overcome the consequences of the sanctions. However, apart from ensuing problems of the transition period, the Kosovo crisis produced an overwhelming impact on the fragile economies of neighbouring countries in south-east Europe and beyond. As a result, several most seriously affected countries of the region and the international donor community have been confronted with new and greater challenges of coping with the humanitarian emergency and the post-conflict reconstruction, rehabilitation and stabilization in the Balkans.

55. Because of the limited number of replies received by the Secretary-General from both the affected States and the donor countries, it is not possible to assess, in any conclusive fashion, either the scope of special economic problems that may still confront neighbouring and other States affected by the consequences of the severance of their economic relations with the Federal Republic of Yugoslavia during the period when the sanctions were in force or the level of bilateral economic assistance provided to the affected countries during the period following the lifting of the sanctions. However, recent assessments by international bodies active in the region indicate that the affected countries of south-eastern Europe continue to face multifaceted adjustment problems stemming from a decade-long string of external economic shocks including, *inter alia*, the consequences of the terminated sanctions regime. It is essential that all these problems be effectively addressed in the context of the ongoing reconstruction and rehabilitation effort, as well as through enhancing regional cooperation for economic recovery and development in the Balkans. The continued donor support for the reconstruction process in the former Yugoslavia as well as other regional cooperation programmes has already yielded positive impact on the most seriously affected countries and should ultimately benefit all the countries of the region.

56. The relevant components of the United Nations system, including the international financial institutions, continue to implement, within their respective mandates, existing facilities and available resources, substantial programmes of financial and technical assistance in the affected countries. In response to the renewed appeals for special economic assistance, these programmes have been reviewed, as appropriate, in order to take into account, to the extent possible, the special needs of the affected States during the transition period following the lifting of the sanctions. Although the bulk of such activities were not specifically and directly related to the consequences of the sanctions, they have contributed to the economic and social recovery in the affected countries, thus indirectly offsetting many of their special economic problems resulting from the sanctions. In the aftermath of the Kosovo crisis, new and additional financial resources from all potential sources are urgently needed to address a variety of persisting economic and social problems of the neighbouring and other affected States, both in support of the reconstruction and recovery efforts and on account of structural adjustment and economic transition.

57. Specific concerns of the affected countries in the areas of transport and infrastructure development as well as trade and investment promotion have been pursued through special regional initiatives and assistance arrangements under the auspices of EU and in cooperation with other regional organizations. The European Union's PHARE, OBNOVA and TACIS programmes have been crucial in financing a series of border crossing infrastructure and customs facilitation projects in the affected countries, as well as integrating them into a longer-term regional perspective of transport and infrastructure development, particularly for the functioning of the priority transport and customs corridors in the region. However, substantial additional resources are needed to carry out the transition from the stage of

responding to the emergency needs and short-term funding requirements for the reconstruction of the crisis-affected countries to a new stage of supporting a comprehensive and long-term approach to the stabilization and consolidation of south-eastern Europe. Within the evolving regional priorities, continued donor support, participation of regional development and investment banks and private sector involvement would be essential for developing cross-border cooperation, upgrading infrastructure and promoting trade and investment in the Balkans.

58. The neighbouring and other affected countries should be encouraged to participate more actively in the international support for the rehabilitation, reconstruction and development efforts in the former Yugoslavia. The local and regional procurement policies pursued by many United Nations organizations, programmes and agencies that have recently increased their presence and enhanced their activities in the region open new possibilities for the suppliers from the neighbouring and other affected countries. In addition, effective mobilization and coordination of assistance and co-financing of projects under the auspices of multilateral agencies both inside and outside the United Nations system should facilitate appropriate regional allocation of resources and increase transparency in procurement of products and services, including procurement from neighbouring countries. Moreover, in follow-up to the Stability Pact for South-Eastern Europe, activities of its Economic Table aimed at reconstruction assistance, sustainable investment and structural reforms in the subregion would help restore and promote further intraregional economic cooperation and integration of south-east Europe into the European mainstream as an important contribution to stability and prosperity in the Balkan region and beyond.

Notes

[1] It should be recalled that, following the adoption by the Security Council of economic and other sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro), eight States — Albania, Bulgaria, Hungary, Romania, Slovakia, the former Yugoslav Republic of Macedonia, Uganda and Ukraine — invoked, in 1992-1993, the provisions of Article 50 of the Charter of the United Nations, with a view to seeking international assistance in coping with their special economic problems arising from the application of the sanctions. Several other countries, including Austria, Croatia, the Czech Republic, Germany, Greece, the Republic of Moldova, the Russian Federation and Turkey, also reported, on various occasions, their economic difficulties as a result of the sanctions regime.

[2] The response of the international community to the special economic concerns of the neighbouring and other affected countries, both during the period when the sanctions were in force and during the period immediately following the lifting of the sanctions pursuant to Security Council resolution 1074 (1996) of 1 October 1996, was covered in a series of four annual reports of the Secretary-General submitted to the General Assembly in 1994-1997 (see A/49/356, A/50/423, A/51/356 and A/52/535).

[3] New York, Regional Bureau for Europe and the Commonwealth of Independent States, UNDP, 1999.

[4] United Nations publication, Sales No. E.99.II.E.3.

[5] European Community initiative for the rehabilitation and reconstruction of Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia, and the former Yugoslav Republic of Macedonia.

[6] Since 1 January 1999, the start of the European Monetary Union, figures have been expressed in euros which replaced European currency units (ECUs) at a changeover rate of 1:1.

[7] See *Official Records of the Security Council, Fiftieth Year, Supplement for October, November and December 1995*, document S/1995/999.